

Millennials aren't lovin' McDonald's

Flagging youth support draws attention to its unsustainable sourcing, unhealthy offerings and bad labor practices

March 4, 2015 2:00AM ET

by [Anna Lappé](#) [@annalappe](#)

McDonald's is having a bumpy year. It just installed a new CEO after a mere two-and-a-half-year stint by his predecessor. In January [it announced](#) its latest returns — and the news was bad. It included such shareholder downers as a “global comparable sales decrease of 1 percent, reflecting negative guest traffic in all major segments.” Last month the business press reported that the Gates Foundation divested [\\$1 billion](#) in stock from the company last quarter. While the stock divestment doesn't affect McDonald's bottom line, it does affect its reputation: McDonald's is stumbling.

In the face of this string of bad news, McDonald's appears to be having a brand identity crisis and pouring PR money on its problems instead of addressing head-on their causes: a growing disinclination, especially among millennials, to support a company renowned for its ill treatment of workers, predatory marketing to kids and questionable food sourcing.

Struggling for relevance

Millennials — 20- and early-30-somethings — are turning their backs on the brand. From 2011 to the end of 2014, the [percentage of 19-to-21-year-olds](#) visiting McDonald's fell nearly 13 percent. As an August 2014 Fortune [headline](#) put it, “McDonald's struggling to stay relevant with millennials.”

They are flocking elsewhere for a number of reasons. They came of age in a time with a lot more fast-casual options than previous generations could have anticipated — options that are better tasting, higher quality and still affordable. (Chipotle, anyone?) They're turning to other brands that reflect more of their concerns with the environment, workers' wages and animal welfare. Instead of listening to these concerns, McDonald's is turning to PR spin to solve its problems.

While a diverse bunch, many millennials are more engaged in environmental and social causes than young people have been for a long time. In [one recent poll](#), two-thirds of millennials said they would vote for a candidate who supports cutting greenhouse gas emissions, compared with just half of Americans over 65. Millennials have been on the front lines of some of the biggest environmental fights of our time, from the Keystone XL pipeline battle to the 450,000-person People's Climate March in New York City last year.

They are a leading force in the good food movement, with national networks such as [Real Food Challenge](#), which was founded just a few years ago and now enlists tens of thousands of college students to push for better food on college campuses, and [Food Corps](#), a national AmeriCorps training program that fosters youth school garden educators. Books

such as Michael Pollan's "The Omnivore's Dilemma," films like "Food Inc." and advocacy groups such as [Food & Water Watch](#) are inspiring young people to ask questions about where their food comes from and raise hell about antibiotics and hormones in meat.

Millennials are passionate about workers' rights and income inequality, evidenced by the dynamism of Occupy Wall Street and the fight for a fair wage that heated up around the country last year in actions such as the [Fight for 15](#). From its poor pay to its wasteful packaging to its sourcing of climate-destructive industrial meat and dairy, McDonald's doesn't represent labor-friendly, sustainable or healthy practices.

So if not to McDonald's, where are millennials headed? Those who have the disposable income to do so are pulling up a stool at Chipotle, diving into a burger at Shake Shack or grabbing a sandwich at Panera Bread. In short, many are [spending their money at fast-casual](#) establishments, which saw a [2.3 percent jump among 19-to-21-year-olds and a 5.3 percent increase among 22-to-37-year-olds](#) from 2011 to the end of 2014. Fast-casual restaurants show continuing signs of strong growth. Since Chipotle went public in 2006, "its stock price has risen more than 1,500 percent," James Surowiecki wrote last month in The New Yorker.

McDonald's should stop the PR gobbledygook and seriously attempt to rethink itself.

While Chipotle and Shake Shack shouldn't be confused with health food joints — a steak burrito from Chipotle can [load you with 1,290 calories](#), and a double ShackBurger have 770 calories and [your daily recommended dose of sodium](#) — these chains arguably produce better-tasting food and have made explicit commitments to sourcing better ingredients. Shake Shack owner Danny Meyer, for instance, has promised to use only meat raised without hormones and antibiotics. Many of these restaurants offer better benefits and pay than McDonald's does. Take Shake Shack's [starting hourly wage of \\$10](#) in New York City; it's still not going to get a family of four out of poverty, but it's better than the minimum wage.

Flailing tactics

McDonald's is trying desperately to lure back millennials. In its one nod to the priorities of this generation, it released a request for proposal late last year for media companies to develop "a big idea" that "generates significant support for a charity" and "engages millennials to support this charity by speaking directly to their philanthropic priorities and leveraging their behaviors and habits," according to information obtained by [The Wall Street Journal](#).

But mostly the company has been launching a host of new PR campaigns leading to schizophrenic positioning and mixed results. In January, [USA Today reported](#) that McDonald's opened a café in Australia with healthy offerings on the menu and nary a Golden Arch in site, about the same time that it launched a [TV spot](#) bragging about old-school Big Macs unchanged by foodie influences. (Kale, quinoa, and soy were all name-checked — and mocked.) Last year saw the rebranding flop of both its iconic Ronald McDonald mascot and the Happy Meal, which set off a social media firestorm as young people around the world mocked the new creepy, toothy look.

It's trying hard to be hip too, setting up shop last year in [San Francisco](#) to incubate digital strategies. The new office, based in the hotbed of digital disruption, will help the company be "[more plugged into the flow of ideas](#)," said the company's Chief Digital Officer Atif Rafiq. But as one Forbes commentator [quipped](#), "All the talk about digital tech isn't disruptive, it's predictably also-ran."

Last year McDonald's tried to make a splash with its new dynamic in-store kiosk that lets customers customize their burgers. After spending big on the launch, McDonald's had to rebrand it from Build Your Own Burger to Create Your Taste because it added chicken to the menu. Oops. It also launched what it calls Experience the Future, "[a comprehensive restaurant execution concept](#)" that "capitalizes on investments in reimaging, service and technology enhancements to improve the look, feel and convenience of the McDonald's experience in ways that are in-tune with today's consumer needs." Which sounds more like PR gobbledegook than a serious attempt to rethink the chain.

These missteps, just a few signs of the company's flailing, are reflected in weak earnings reports and personnel trouble at the top, with significant turnover in key positions. Two McDonald's USA presidents, President and CEO Jim Skinner, Chief Marketing Officer Neil Golden and Chief Operating Officer Tim Fenton were replaced in the past several years. The trend continues with the early retirement of CEO Don Thompson late last month.

Walmart's recent announcement that it will increase the wages for its lowest-paid workers makes it ever clearer that McDonald's is out of step with the rest of retail. It's time for McDonald's to give people a reason to love it — and not just throw money at advertisements that tell us we should.

Postscript: Sounds like the new CEO might have gotten the memo. In [an announcement today](#), McDonald's committed to only "sourcing chicken raised without antibiotics that are important to human medicine." It's a step the company took after seven months of dialogue and concerted pressure from civil society groups, including Friends of Earth. The environmental organization's senior program manager, Kari Hamerschlag, said in a [press release](#), "While McDonald's focus on poultry is a positive step forward, we look forward to a dramatic reduction of antibiotic use across the board, by focusing on improvements in their pork and beef suppliers' management practices." McDonald's announcement makes it the largest restaurant chain in the country to adopt such a policy.

Anna Lappé is the author of "[Diet for a Hot Planet: The Climate Crisis at the End of Your Fork and What You Can Do About It](#)" and a co-founder of the [Small Planet Institute](#) and [Real Food Media Project](#).

The views expressed in this article are the author's own and do not necessarily reflect Al Jazeera America's editorial policy.

Source: <http://america.aljazeera.com/opinions/2015/3/millennials-arent-lovin-mcdonalds.html>

McDonald's executives see 'urgent need for reset'

By **Jessica Wohl**
Chicago Tribune

MARCH 5, 2015, 11:16 AM

McDonald's is taking a fresh look at everything from its organizational structure to its menu while sticking to financial plans that include billions of dollars in share buybacks and dividends, the company's financial leaders said Thursday.

McDonald's is quick to admit that it struggled in 2014. Revenue, customer visits and operating income fell from 2013 levels.

Now, the world's largest restaurant company is quickly trying to show that it is making the necessary changes under Steve Easterbrook, who took over as CEO on Sunday.

"As we look to the future, we recognize the urgent need for a reset in the business including changing how we think, how we make decisions and how we organize so we can respond more swiftly to customers' changing needs and the evolving competitive environment," Chief Administrative Officer Pete Bensen said at a UBS conference Thursday.

The pledge came a day after McDonald's said it will start using chicken raised without certain antibiotics and sell milk from cows not treated with an artificial growth hormone, its latest changes to appeal to more health-conscious customers.

McDonald's has already launched updated advertising and promotions, and has been updating restaurants around the world. Bensen said he and Easterbrook continue to review the company's organization and will decide what adjustments need to be made "to make McDonald's more responsive to today's market conditions."

Bensen, McDonald's former CFO, and new CFO Kevin Ozan outlined the company's plans. In the United States, those include a nationwide launch of a mobile app this summer that could one day lead McDonald's to offer something like a coffee loyalty program. It is also simplifying the way the menu looks, in part to make it easier for customers to order. That simplification, which could include removing poor-selling items, may reduce wait times, particularly in the drive-thru lanes that account for most of the company's U.S. sales.

At the same time, the company wants to update its restaurants and is helping to defray the costs that often fall to franchisees. Adding McDonald's Create Your Taste kiosk ordering systems and related overhauls can cost \$100,000 to \$150,000 per restaurant, but McDonald's may contribute funds to help accelerate that rollout, they said.

The executives were asked about a variety of issues, from McDonald's use of digital technology to wage increases at other major companies such as Wal-Mart. They said they would like to see wage costs rise in a staged way versus a big change all at once, echoing comments former CEO Don Thompson made in 2014.

Thursday's presentation came a day after Piper Jaffray downgraded shares of McDonald's to "neutral" from "overweight," in part because of the stock's recent climb.

"Our industry conversations suggest the number and relative complexity of forthcoming initiatives may lead to a longer-than-expected recovery," Piper Jaffray analyst Nicole Miller Regan wrote in a note to investors late Wednesday.

Mike Andres, the new president of McDonald's U.S. business, and other leaders including Easterbrook met with franchisees at a U.S. Turnaround Summit this week.

Ozan said improving the U.S. business will take time, so McDonald's expects that its results in its home market "will remain volatile, especially through the first half of this year."

After a supplier's safety issue hit sales in Asia last year, Ozan said the company expects its China business to return to more normal levels in the middle of the year, while consumer perception issues are still weighing down sales and profitability in Japan, where McDonald's expects pressure "for the foreseeable future."

Bensen and Ozan were quick to stress that McDonald's is not backing away from its financial targets. The company is still on track to return \$18 billion to \$20 billion to shareholders from 2014 to 2016, Ozan said in his first major Wall Street presentation since becoming CFO on Sunday.

McDonald's cut nearly \$100 million of general and administrative costs in 2014, including job cuts in Oak Brook. The company also moved more than 400 restaurants from company ownership to franchisees in 2014, part of its plan to rebrand at least 1,500 restaurants over three years.

jwohl@tribpub.com

Twitter @jessicawohl

Copyright © 2015, Chicago Tribune

FROM AROUND THE WEB

Sponsored Links

Drivers Feel Stupid For Not Knowing This New Rule

Provide-Savings Insurance Quotes

Millennials Are Ditching Delivery for This Dinner Hack

Eater for Plated

We Tried Blue Apron: Here's What Happened

Popdust for Blue Apron

Leaders And Beautiful: 20 Stunning Republican Women

USASocialCondition.com

Could this Small Stock be the best Idea for 2015?

VentureCapital News

These 4 Foods ACCELERATE Aging (are you eating them?)

F	A	C	T	I	V	A	FLIP THROUGH YOUR FACTIVA ALERTS	Now Available on  Flipboard	» Learn more at factiva.cc
RELIABLE ALERTING	9 INTERFACE LANGUAGES	EASILY DISSEMINATE INFO	COVERAGE FROM NEARLY EVERY COUNTRY						

THE WALL STREET JOURNAL.

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.

<http://www.wsj.com/articles/for-mcdonalds-a-minor-menu-change-requires-extensive-planning-1425564130>

BUSINESS

For McDonald's, a Minor Menu Change Requires Extensive Planning

Fast-food chain's plan to curb antibiotics in chicken means working with suppliers, farmers



PHOTO: ASSOCIATED PRESS

By **ANNIE GASPARRO**

March 5, 2015 9:02 a.m. ET

With 14,350 U.S. restaurants selling more than 100 different menu items, even slight changes to McDonald's Corp.'s supply chain can cause headaches.

So the fast-food giant has been planning extensively for its shift to chicken made from birds raised without antibiotics that are important to human health, though work

remains to be done on issues like labeling and marketing, said Marion Gross, senior vice president of McDonald's North America supply chain.

"Because of our scale, we have to plan well in advance and very thoughtfully," Ms. Gross said in an interview. "It is limiting if we don't."

Whether it is baby carrots for Happy Meals or cucumbers in salad wraps, it can take years for McDonald's to secure enough supply for new ingredients, and the company has struggled in the past with menu changes that can lead to shortages.

Ms. Gross said the last major change McDonald's made to its chicken was moving to all white meat for its McNuggets in 2003, but that was simpler. Antibiotics include various types of medicines that are used differently. McDonald's had to decide what level of reduction it wanted, then work with its suppliers on changing practices at their hatcheries and among the farmers they contract with to raise the chickens.

McDonald's is best known for its burgers, which it isn't changing. Nearly a fifth of McDonald's menu items contain chicken, and it sells billions of dollars of the products every year in the U.S. The company doesn't disclose exact figures. Research firm Technomic Inc. says McDonald's is the biggest single restaurant customer of Tyson Foods Inc., which is the largest U.S. chicken producer. McDonald's has said it buys 400 million pounds a year of chicken from another supplier, Keystone Foods, a unit of Marfrig Global Foods SA.

McDonald's first starting trying to reduce antibiotics in its meat in 2003, initially requiring suppliers to halt use of human-related antibiotics to stimulate growth in chickens, but allowing them to continue use for preventing and treating illnesses. Critics of antibiotics use in livestock have long said that such an exception creates a huge loophole. Some of those critics remain frustrated because a global plan McDonald's outlined this week for antibiotics in animals still contains that loophole for its operations in Europe and elsewhere.

The new move for the U.S. is much more far reaching, but Ms. Gross said the work with suppliers has paved the way. "We have been on this journey for quite some time," she said, and suppliers "have been at the table with us working on this."

Among the challenges is how to market the change to customers. The complexity of labeling regulations in the U.S. prevent McDonald's from labeling the chicken "antibiotic free" because the chickens may be treated with antibiotics not deemed

important for human medicine.

“We are working on that and will figure out the packaging and marketing along the way,” Ms. Gross said.

Write to Annie Gasparro at annie.gasparro@wsj.com

Copyright 2014 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our Subscriber Agreement and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com.

Dear McDonald's: Please Introduce a Veggie Burger

Posted: 03/02/2015 12:49 pm EST Updated: 03/02/2015 12:59 pm EST



Here's a little secret that might surprise meat-eaters: Vegetarians like to eat more than just salads.

We like a nice hearty sandwich as much as the next person. We like salty, cheap food, too. And we'd eat a lot more of that stuff if only fast food restaurants were willing to sell it to us.

Oh, to be able to order straight off the menu at highway rest stops. To be able to say yes, when a person's carnivorous husband asks if maybe, just maybe, it would be all right to get fast food for dinner!

And so it is, dear McDonald's, that I ask you: Please introduce a veggie burger.

The benefits wouldn't just be for a person and her carnivorous husband. McDonald's, I'm also thinking of you.

Your new CEO -- [welcome to the job, Steve Easterbrook!](#) -- has a mandate to attract new customers, including millennials.

I am not myself a millennial -- team Gen X here -- but apparently I share [that generation's dietary proclivities](#), preferring plant-based food to meat.

Now, you don't need me to tell you why someone might choose to not eat animals (the environment, health and straight up compassion, being just a few).

All you need to know right now is that [there's a growing number of us](#) who, for a whole variety of reasons, don't partake in the no-doubt delicious burgers your company feels [it currently isn't selling enough of](#). I don't mean to rub it in, but [look how well Chipotle's doing with its vegan sofritas option](#). You're not even coming close to selling out of some delicious meat-free concoction right now, McDonald's. In the U.S., anyway, you offer us pretty much nothing.

Your website promises that salads and wraps can be made to order without meat. That's no great shakes to start with. Like I said, vegetarians like more than salads, and no one likes wraps, which tend toward being mealy and damp in the best of times.

But here's the real kick in the pants: Your website has the disclaimer that the salads (ugh) and wraps (ew) "[aren't certified vegetarian](#)."

I don't even know what that means, other than it makes these items *even less appealing*.

No, McDonald's, please don't hold out an uncertified salad alongside some hideous wrap, and tell me I should eat at your restaurant. That's not cutting it.

Hey, look, you already know how to make exactly what we crave! This is so easy!

Your [McVeggie sandwich is now available in India](#), but surely exportable to the U.S. and other markets where you're looking for a boost?

This sandwich is basically a dream come true. The McVeggie is made of battered, breaded green beans, carrots, potatoes and more. It is substantial and, [from what I hear](#), addictively tasty.

It's also healthy *enough*, while still offering plenty of the less virtuous qualities that one is likely be looking for, when one is looking for fast food.

I'd go get one today, if it were available in the States. And I think that many of my fellow plant-eating Americans would happily join me.

In short, and not to beat a dead horse here -- that wouldn't be in the spirit of asking for vegetarian food, would it? -- but, please, sell us a veggie burger, McDonald's.

One that actually tastes good. One that comes on a bun.

McDonald's, I really think this could work out well for all of us. Because you need some new ideas, and I need some lunch.

Source: http://www.huffingtonpost.com/arín-greenwood/mcdonalds-veggie-burger_b_6783192.html?utm_hp_ref=business&ir=Business